

TAKE YOUR BOARD'S "GAME" TO A HIGHER LEVEL

Why Peer-to-Peer Evaluations are an Important Component of the Board Evaluation Process



“*The best time to work on improving is not when there is a problem or crisis, but when things are working smoothly. This becomes an opportunity to take your “game” to a higher level.*”



You may have heard the parable about the golfer who, every time his game was off, would visit his coach for a lesson.

“You always come to me when something needs to be fixed,” the coach said. “We address that problem but then you are right back where you started. Why don’t you come to me when you are playing well, then we can take your game to a higher level.” The best time to work on improving is not when there is a problem or a crisis, but when things are working smoothly. This becomes an opportunity to take your “game” to a higher level.

The Next Level: Peer-to-Peer Evaluations

When it comes to improving a Board’s performance, the Board needs to look at its individual members and how they are functioning within the group. Since most companies have been conducting overall Board Evaluation for some time, why have Peer-to-Peer evaluations been slower to catch on? Recent surveys indicate that only 1/3 of companies are conducting Peer-to-Peer evaluations. The fear factor seems to come up most often to explain the reticence...the fear that people will say things about other Board members that will be quoted directly, the fear that the feedback will be harsh, or the fear that the feedback will be presented in a negative way.

Peer-to-Peer evaluations can be incorporated into the annual Board review or completed at a separate time. The process is a powerful way to clarify performance expectations, so Board members know what they should do to contribute to a greater extent. In addition, it creates a standard mechanism for all Board members to vote on retaining Board members, instead of leaving this decision to the Board Chair or the Governance Committee. Once the Board is comfortable with the Peer-to-Peer process, a question at the end of the peer-to-peer evaluation can be, “Should this Board member be re-elected?” A good ground-rule is that any director who receives a majority of “no” votes on this question does not stand for re-election.

Peer-to-Peer evaluations are also one of the best ways to identify and address underperforming directors. How many Boards have struggled with one or more members who are putting in an inadequate amount of time and energy – or those where the business has passed them by? And how many Boards have allowed disruptive Board members to remain only because they had no mechanism in place to remove them?

It’s important to note that the evaluation is not designed as a tool to oust anyone from the Board. On the contrary, it gives Board members an opportunity to improve before further action becomes necessary. It’s a way to say, “You play an important role, and your input is valued. Here are the expectations we have for you.” This feedback can help directors enhance their skills and Board interaction, and motivate them to be more effective board members.

For example, we know of a Board member who, after joining the Board, seemed reticent to join the debate, especially when the topic was somewhat controversial. Through a peer evaluation facilitated by an independent consultant, he learned that his fellow Board members were anxious to hear his opinions and, in fact, considered this to be an important element of Board membership. It was an “aha” moment for him and he continued working with the consultant as a coach until he was more comfortable in his role. The result: He modified his behavior and began contributing at a high level.

Clearly, this was a far better approach than ignoring the problem, or waiting for the director to retire. Those approaches only lessen the Board's ability to take its game to a higher level. On the rare occasion when evaluation feedback doesn't work because the person is unwilling or unable to modify, the process can be used to move out an underperforming director, with data to support the Board's conclusion for this action. And the message becomes one from the entire Board, not just the perception that it came from one or two Board members. Peer-to-Peer evaluations do not replace the overall Board evaluation; they are a powerful complement.

How Peer-to-Peer Assessments Add Value

An effective Peer-to-Peer evaluation involves partnering with someone external to the company and to the Board. An independent consultant who knows what questions to ask and how to analyze and present information in a constructive way can be a big help. Ideally, Board members will fill out Peer-to-Peer evaluations that include both objective and subjective data. The entire process will probably take only about two hours of their time. The report is a comprehensive look at what each Board member does well and what could be improved, presented in a way that drives ideas and solutions.

What stops Boards from embracing the idea of a Peer-to-Peer evaluation? There are a number of perceived barriers.

The problem is that if the Board waits until there is a problem – a disruptive board member, a few board members who control the discussions, etc. – the Peer-to-Peer evaluation becomes a negative tool, something brought in to address a specific, difficult issue or person. The Board won't be taking proactive steps to move its game to the next level, it might just be applying a band-aid.

Instead, the Peer-to-Peer evaluation needs to become part of the normal course of business – an annual or biennial exercise that allows each Board member to continue building on an already strong base.

Best Practices: How to Make the Evaluation Work for Your Board

These are a few best practices to keep in mind when implementing peer-to-peer evaluations.



- ◆ ***Conduct a Peer-to-Peer evaluation every one to two years.***
- ◆ ***Start before there is a problem.***
- ◆ ***Work with an outside consultant you trust to use good judgment.*** When it comes to evaluations, people worry that their comments will be used verbatim. Or information will be shared in a negative way. You want to assure that the consultant looks for themes...for instance, those things that two or more directors saw as positives or areas for improvement.
- ◆ ***Create an action plan based on the Peer-to-Peer evaluation findings.*** It is best to identify one to three areas important to the Board's success that deserve attention over the next year.

In Conclusion...

Boards are busy. Implementing a Peer-to-Peer evaluation can seem like just one more task to do – something that may hold value, but can be addressed later.

The right time to start an evaluation program is now; this year. It does not require an immense output of time or energy, but it does deliver keen insight to Board members that may not be gathered in any other way. It is value added.

With this annual “check up,” Board members can ensure that they remain on a path of continual improvement – one that benefits everyone. Your “game” may be good, but wouldn't you rather take it to a higher level?